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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

Jon P. Fusco, Jo Anne Fusco, and Ken Carter, Plaintiffs, vs. Jenny Craig, Inc. and Jenny Craig International, Inc., Defendants.	Civil Case No. 08 CV 0541 L (RBB) **ANSWER TO VERIFIED PETITION FOR TRO AND PRELIMINARY AND PERMANENT INJUNCTION**

For its answer to the plaintiffs' petition, defendant Jenny Craig, Inc ("Jenny Craig") responds and alleges as follows:

1. Jenny Craig denies the allegation in paragraph 1 of the Petition that Jon P. Fusco and/or Jo Anne Fusco are the owners and operators of a "Jenny Craig" franchise located at 900 E. County Line Road, Ridgeland, Mississippi, or of any Jenny Craig franchise. Jenny Craig lacks knowledge or information sufficient to admit or deny the remaining allegations of paragraph 1 of the Petition, and on that basis denies the remaining allegations in that paragraph.

2. Jenny Craig lacks knowledge or information sufficient to admit or deny the allegations contained in paragraph 2 of the Petition, and, on that basis, denies those allegations.

3. Jenny Craig admits that it is a California corporation and that its registered agent for service of process in Mississippi is C T Corporation System. Jenny Craig denies that Jenny

Craig International, Inc. is a California corporation or entity of any sort, and that Jenny Craig International, Inc. conducts business in Mississippi. Jenny Craig International, Inc. was merged into Jenny Craig, Inc. on or about March 2007, and it was dissolved at that time.

4. Jenny Craig denies each allegation in paragraph 4.

5. Jenny Craig denies each allegation in paragraph 5.

6. Jenny Craig denies each allegation in paragraph 6.

7. In response to the allegations in paragraph 7, Jenny Craig admits that Jenny Craig International, Inc. and DMJ, Inc. entered into the agreements referred to in paragraph 7 on or about April 1, 2001. Jenny Craig denies the remaining allegations in paragraph 7.

8. In response to the allegations in paragraph 8, Jenny Craig admits that Jenny Craig Franchising LLC provided DMJ, Inc. with a document entitled Notice of Default under Franchise Agreements Nos. 8155 and 8072 and Related Area Development Agreements, which gave DMJ, Inc. ninety days, or until February 14, 2008, to cure all of the defaults under its franchise agreement. Jenny Craig further admits that the Notice of Default advised DMJ, Inc. that any transfer of ownership interest would be subject to the transfer provisions under the franchise agreements and would be subject to a new owner curing DMJ, Inc.'s defaults. Jenny Craig denies the remaining allegations in paragraph 8.

9. In response to the allegations in paragraph 9, Jenny Craig admit that the Fuscos notified Jenny Craig Franchising LLC that Ken Carter was a potential purchaser of the Jackson and Memphis Jenny Craig Centres, and that the transaction could not be completed until Carter returned from Australia. Jenny Craig denies the remaining allegations in paragraph 9.

10. In response to the allegations in paragraph 10, Jenny Craig admits that Ken Carter is a Jenny Craig franchisee with Centres in Canada and Australia. Jenny Craig denies the remaining allegations in paragraph 10.

11. In response to the allegations in paragraph 11, Jenny Craig admits that Doug Fisher had a telephone conversation with Jon Fusco on or about February 8, 2008, during which he told Mr. Fusco that he had received some information from Ken Carter's attorney, and that Jenny Craig Franchising, LLC had to receive a fully executed Asset Purchase Agreement before

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February 14, 2008. Jenny Craig denies the remaining allegations in paragraph 11.

12. Jenny Craig denies each allegation in paragraph 12.

13. Jenny Craig denies each allegation in paragraph 13.

14. Jenny Craig denies each allegation in paragraph 14.

15. In response to the allegations in paragraph 15, Jenny Craig admits that Jenny Craig Franchising, LLC sent a letter to DMJ, Inc. on February 15, 2008, notifying DMJ, Inc. that its franchise agreements terminated on February 14 2008, and that Jenny Craig Franchising, LLC needed to begin the management transition process. As for plaintiffs' characterization of the contents of the letter, Jenny Craig denies that the letter said anything other than what is expressly contained in the letter.

16. In response to the allegations in paragraph 16, Jenny Craig admits that the email attached as Ex. A was sent by Jenny Craig Franchising, LLC. As for plaintiffs' characterization of the contents of the email, Jenny Craig denies that the email said anything other than what is expressly contained in the email.

17. Jenny Craig denies each allegation in paragraph 17.

18. Jenny Craig denies each allegation in paragraph 18.

19. In response to the allegations in paragraph 19, Jenny Craig admits that it was informed that a temporary restraining order, that has since expired, was entered in an action filed in Tennessee, and that the order attached as Exhibit B appears to be a copy of that order. Jenny Craig denies the remaining allegations in paragraph 19.

20. In response to the allegations in paragraph 20, Jenny Craig incorporates by reference its responses to paragraphs 1 through 19 of the Petition.

21. In response to the request in paragraph 21, Jenny Craig denies that the plaintiffs are entitled to the relief sought in paragraph 21.

22. Jenny Craig denies each allegation in paragraph 22, including subparts a-d.

23. Jenny Craig lacks sufficient information to admit or deny the allegations in paragraph 23, and, on that basis, denies those allegations.

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24. In response to the request in paragraph 24, Jenny Craig denies that the plaintiffs are entitled to the relief sought in paragraph 24.

25. Jenny Craig denies each allegation in paragraph 25.

AFFIRMATIVE DEFENSES

FIRST DEFENSE

The Petition fails to state a claim upon which relief may be granted.

SECOND DEFENSE

The Fusco plaintiffs lack standing to bring an action for the relief sought in the Petition.

THIRD DEFENSE

Plaintiff Carter lacks standing to bring an action for the relief sought in the Petition.

FOURTH DEFENSE

The defendants are not proper party defendants to this action.

FIFTH DEFENSE

The plaintiffs' claims are barred by virtue of the fact that they have materially breached the franchise and area development agreements.

SIXTH DEFENSE

The plaintiffs' claims are barred by the doctrine of unclean hands.

SEVENTH DEFENSE

Jenny Craig reserves the right to raise any additional affirmative defenses that may arise during these proceedings.

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REQUEST FOR RELIEF

Jenny Craig requests that the Petition be denied and dismissed with prejudice, and that Jenny Craig be awarded its costs of suit and attorneys' fees pursuant to the franchise agreements referenced in the Petition.

Dated: 3/27/08

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